

and its loop, and notifying the SWBT Local operation Center (LOC) to disconnect the SWBT dial tone and to activate INP.

78. For service to be provided with a minimum of disruption to the end-user, it is vitally important that all of the necessary elements for conversion "with loop" or "without loop" be precisely coordinated - both internally within SWBT and between SWBT and the CLEC. If any one of the required links is not in place at the required time, if the SWBT frame attendant does not receive proper instructions to change the timing on a scheduled cross-connect order, or if the CLEC fails to notify SWBT that its switch will not be ready to activate service at the specified due date, service will be interrupted.
79. Because each and every one of the operations described above (and illustrated in Schedules 14 and 15) must be carried out for each and every number which is ported, the complexity of the process and the importance of coordination, communication and cooperation between SWBT and the CLEC increases greatly with the number of lines involved in a given end-user conversion. As with other new processes, experience is the best teacher.
80. As described in the Affidavit of Linda Kramer, the LOC acts as SWBT's primary coordination point with the CLEC for INP conversions. The LOC coordinates all INP order activities with internal work groups for the requested cut, including the RCMAC and Network Operations personnel. This includes ensuring that the service disconnect order is properly associated with the INP activation order, so that both functions occur simultaneously. The LOC is also responsible for making

sure that any change in the INP request made by the CLEC through the LSC is properly conveyed to all the necessary "downstream" SWBT organizations.

81. As explained in Ms. Kramer's affidavit, SWBT has ported numbers for over 13,000 lines in its five states, and over 5000 lines in Oklahoma.
82. Early INP orders experienced some problems caused by inexperience of both parties. As explained by Ms. Lowrance in her affidavit, SWBT has instituted several measures to improve the INP process. As a result of these efforts, SWBT processed all INP orders (167) in Oklahoma between December 5, 1997 and January 5, 1998 with no missed due dates or end user service interruptions.

RECIPROCAL COMPENSATION

83. Reciprocal compensation refers to the billing and payment arrangement that recovers the additional costs incurred for the transport and termination of local calls originating on one party's network and terminating on the other party's network. SWBT and interconnecting telecommunications carriers have established arrangements for reciprocal compensation. See the Affidavit of Mr. Moore for additional costing details. (Cox Section 5.3; Dobson Attachment 12; ASCI Section 5.3; Intermedia Section III)
84. SWBT offers cost-based mutual and reciprocal compensation rates for both tandem office-based and end office-based transport and termination of local traffic. (Cox Section 5.3; Dobson Attachment 12)
85. Three functions may be involved in the transport and termination of local traffic¹ : local (end office) switching, common transport, and local tandem switching. The rates SWBT charges for the transport and termination of local traffic are based upon the functions actually involved in transporting and terminating the call.
86. If a CLEC chooses to interconnect at a SWBT local tandem office switch², SWBT charges a "Tandem Switched" compensation rate. This rate includes tandem switching, common transport and local switching components, based upon the fact that SWBT actually switches the call at its local tandem switch, transports the call from the tandem switch to the end office serving the called number, and switches

¹ "Local Traffic," for purposes of intercompany compensation, is if (i) the call originates and terminates in the same SWBT exchange area; or (ii) originates and terminates within different SWBT Exchanges that share a common mandatory local calling area, e.g., mandatory Extended Area Service (EAS) or other like types of mandatory expanded local calling scopes.

the call at that end office to the called party. The rate charged by SWBT is the sum of the unbundled network element rates for unbundled local switching, common transport and tandem switching.

87. If a CLEC chooses to interconnect at a SWBT end office³, SWBT charges an end office compensation rate. This rate includes a charge for end office switching only, since that is the function performed by SWBT to terminate the call. The "End Office" local termination rate is equal to the Unbundled Local Switching rate.

88. SWBT delivers monthly settlement statements to CLECs as a part of the billing process for compensation for transport and termination of local exchange traffic. Using guidelines set forth in technical procedures provided by SWBT to each CLEC⁴, SWBT records its originating usage, including the originating and terminating NXX for all intercompany calls. On a monthly basis, SWBT summarizes the originating usage information and transmits the information to the terminating CLEC for intercompany settlement billing. Since this is a reciprocal compensation arrangement, the CLEC must also record originating usage and provide reports to SWBT for billing of terminating compensation to the CLEC.

89. Over 306 million local minutes of use were exchanged over interconnection trunks, subject to reciprocal compensation arrangements, between SWBT and CLECs in SWBT's five states in the year 1997. Over 241 million local minutes of use were terminated by CLECs and 65 million local minutes of use were terminated by

² "Tandem Office Switches are used to connect and switch trunk circuits between Central Office switches.

³ "End Office Switches" are where end user exchange services are directly connected and offered.

⁴ *Technical Exhibit Settlement Procedures (TESP)* contains the detailed technical descriptions and requirements for the recording, record exchange, and billing of local and intraLATA traffic.

SWBT. Almost 83 million local minutes were exchanged in Oklahoma between SWBT and CLECs – 80 million from SWBT to CLECs and 3 million from CLECs to SWBT.

90. SWBT also offers to switch transit traffic, which allows CLECs to interconnect indirectly with other CLECs. (STC Section III.B) SWBT's transit service allows one CLEC to send traffic to another CLEC network through SWBT's tandem, thus avoiding the cost of investing in facilities necessary to interconnect to all other CLECs in a local calling area. SWBT expects CLECs who transit its tandem for the purpose of interconnecting with other CLECs to have agreements in place with those CLECs for reciprocal compensation for termination of each other's traffic. If transit traffic is passed without such an agreement, SWBT requires that the CLEC hold SWBT harmless so that it has protection against third party claims.
91. A Transit Traffic rate element includes tandem switching and transport charges and applies to all usage between CLECs that transit SWBT's tandem switch. The originating CLEC is responsible for the appropriate rates unless otherwise specified. The Transit Traffic rate element is only applicable when calls do not originate with (or terminate to) SWBT's end user. (STC Section III.B.2)
92. For purposes of reciprocal compensation, traffic originated by and terminated to Internet Service Providers (ISPs) enjoy a unique status. These providers have historically been subject to an access charge exemption by the FCC which permits the use of Basic Exchange Telecommunications Service as a substitute for switched
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access service. The great majority of Internet calls are interstate, or at the very least, interexchange in nature. Therefore, such calls are not properly the subject of reciprocal compensation because they are not local calls. The Administrative Law Judge in OCC Cause No. 970000548 rejected the argument of Brooks Fiber that Internet traffic should be treated as local traffic for purposes of reciprocal compensation. In that decision the ALJ confirmed this when, on January 26, 1998, he stated, "the plain fact remains that even though the call originated by using the traditional 7-digit dialing sequence, the call does not terminate with the local ISP. It is forwarded onto the Internet and is, therefore, not subject to local reciprocal compensation."

CLEC TRAINING

93. SWBT offers a variety of classes to educate CLECs on how to do business with SWBT. Small class size (maximum of 12) and in-class exercises enables SWBT's instructors to ensure a quality learning experience and level of understanding for each CLEC student.
94. All classes are instructor-led "train-the-trainer" format to enable CLEC operational personnel to return to their companies and educate their employees as appropriate for their business. In addition to student material provided in class, each CLEC is provided a clean hard copy and a computer disk containing the instructor guide and student guide for use in developing their own training materials to use in training their employees.

95. The SWBT's workshops cover operational information that is required for both manual and electronic order processes. Workshops are available to CLECs who have signed and filed Interconnection or Resale Agreements. Workshops are offered free for up to six employees from each CLEC, however, there is a charge for class participation canceled less than two weeks prior to the start date of a workshop (see charges detailed under OSSs).

96. Workshops detail telecommunications services offered for resale, unbundled network elements, interconnection and how to pass manual orders for each. New workshops are developed and offered as additional topics are identified or national ordering standards refined.

97. Current workshops include:

Resale Workshop

- details services available for resale, ordering forms to be used, including the industry-standard Local Service Request form (LSR) and Local Service Ordering Requirements (LSOR) for Resale
- composed of two sections:
 1. one for Basic residence and simple business services - two days
 2. the second for complex business services - one day

LSR Workshop for Resale

- currently ½ day in length
- designed for CLECs who currently resells but now needs details on how to utilize the industry-standard LSR ordering form for resale

- covers the LSOR for resale
- is a prerequisite for LEX-Resale

Directory Listings Workshop for Resellers

- two-day course
- especially valuable to CLECs ordering resale business services either manually or via Business EASE
- covers the Directory Matters Guide

UNE Workshop

- currently 1 ½ day in length
- details unbundled network elements and industry-standard Local Service Request ordering form for UNEs
- resource material covered includes CLEC Handbook for Facilities-Based Providers, Carrier Coding Guide and LSOR/LSOG for UNEs
- is a prerequisite to LEX-UNE

Interconnection Workshop

- currently 1 ½ day in length
- details how to order interconnection via the industry-standard Access Services Request (ASR) form
- covers use of CLEC Handbook for Facilities-Based Providers, Carrier Coding guide and LSOR for interconnection

98. Classes on how to use SWB's Operations Support Systems (OSSs) for pre-ordering, ordering, provisioning, repair/maintenance and billing also are offered to CLECs who have negotiated OSSs in their agreements. OSS classes are required on each system that affects the network. OSS classes focus on how to use the specific system. Current OSS classes include:

Residence EASE - pre-order and ordering resale services

- four and half days
- can be combined with SWB Toolbar (Verigate, Order Status, Trouble Administration) for a full five-day course

Business EASE - pre-order and ordering resale services

- four and a half days
- can be combined with Toolbar (Verigate, Order Status and Trouble Administration) for a full five-day course

Toolbar - pre-order, provisioning, repair/maintenance, billing functions

- covers Verigate, Order Status, Trouble Administration
- currently a half-day course; will be a full-day course when Bill Information is added

LEX- Resale or UNE - ordering resale services or Unbundled Network Elements

- currently a half-day course, covering ordering Resale Services using the Local Service Request (LSR) form

- LSR - Resale or UNE workshop are prerequisites according to whether the CLEC wishes to use LEX for Resale orders or LEX for UNE orders
- will be a full-day course when Directory Services Request form (DSR) is added in February
- LEX-Resale information can be covered for CLECs who are Facilities-Based and Reselling

SORD - supplement resale orders

- one-day course
- available to CLECs who utilize Residence or Business EASE to correct orders issued only in Residence or Business EASE
- covers five functions: sign on/disregard/signoff, cancel, delete, change due date and inquiry
- includes overview of USOCs/FIDs

99. The cost for OSS classes is detailed in the following table:

Training Rates	5 day	4.5 day	4 day	3.5 day	3 day	2.5 day	2 day	1.5 day	1 day	1/2 day
	class	class	class	class	class	class	class	class	class	class
1 to 5 students	\$4,050	\$3,650	\$3,240	\$2,835	\$2,430	\$2,025	\$1,620	\$1,215	\$810	\$405
6 students	\$4,860	\$4,380	\$3,890	\$3,402	\$2,915	\$2,430	\$1,945	\$1,455	\$970	\$490
7 students	\$5,670	\$5,100	\$4,535	\$3,969	\$3,400	\$2,835	\$2,270	\$1,705	\$1,135	\$570
8 students	\$6,480	\$5,830	\$5,185	\$4,536	\$3,890	\$3,240	\$2,590	\$1,950	\$1,300	\$650
9 students	\$7,290	\$6,570	\$5,830	\$5,103	\$4,375	\$3,645	\$2,915	\$2,190	\$1,460	\$730
10 students	\$8,100	\$7,300	\$6,480	\$5,670	\$4,860	\$4,050	\$3,240	\$2,430	\$1,620	\$810
11 students	\$8,910	\$8,030	\$7,130	\$6,235	\$5,345	\$4,455	\$3,565	\$2,670	\$1,780	\$890
12 students	\$9,720	\$8,760	\$7,780	\$6,835	\$5,830	\$4,860	\$3,890	\$2,920	\$1,945	\$970

100. SWB encourages CLECs to send their employees to an OSS class near the time when the CLEC intends to begin using the OSS. CLECs benefit most from classes when personnel are able to return to their businesses and quickly begin utilizing the system on which they've been trained.

101. As of February 6, 1998 more than 300 employees of 28 CLECs have participated in OSS classes.

CONCLUSION

102. As explained through its Oklahoma approved and/or arbitrated interconnection agreements and STC, SWBT offers each of the items contained in the competitive checklist and does so in a manner consistent with all applicable directives, orders and rules. This concludes my affidavit.

1. My name is Ricardo Zamora. I am Vice President - Local Interconnection for Southwestern Bell Telephone Company, ("SWBT"), a wholly owned subsidiary of Southwestern Bell Corporation ("SBC").
2. As Vice President - Local Interconnection, I am responsible for directing the negotiating process with all new Local Service Providers (LSP) in Southwestern Bell Telephone's five state region (Texas, Oklahoma, Missouri, Kansas, and Arkansas) in accordance with the Telecommunications Act of 1996 (Act).

PROFESSIONAL EXPERIENCE AND EDUCATION

3. I joined Southwestern Bell in June of 1973 in Austin, Texas, after receiving a Bachelor of Business Administration degree from Texas A&M University at Kingsville. From 1973 through May 1976, I worked in a variety of positions including Accounting Supervisor, Internal Auditor and Computer Operations Manager. In 1976, I worked in the Data Systems organization responsible for programming and methods for several financial applications. I continued my education and in 1982, I received a Masters of Business Administration from the University of Central Oklahoma. After several other positions and relocations, in 1984, I became the District Manager responsible for Oklahoma regulatory accounting functions including development of state rate case filings. In 1989, I became a Division Manager responsible for the Texas Comptrollers Operations staff and later became the Industry Relations Manager-Texas responsible for interconnection arrangements with independent companies. In 1990, I was promoted to Controller of Southwestern Bell Telephone Company. In November 1995, I assumed my present responsibilities.

PURPOSE OF AFFIDAVIT

4. This affidavit will show that Southwestern Bell Telephone Company (SWBT) has engaged in good faith negotiations with all parties interested in operating as a local service provider (LSP) within SWBT's five state territory. I intend to show SWBT's efforts at good faith negotiations two ways. First, I will give an overview of the processes we developed to respond to the needs of LSPs wanting to interconnect with our network and/or resell our services. Second, this affidavit will show the results of those processes by summarily describing agreements achieved through negotiations.

PROCESSES DEVELOPED TO PROMOTE NEGOTIATIONS IN GOOD FAITH

5. When I took on my current responsibilities, I needed to select individuals to serve as negotiators and in doing so, was generally allowed to select people from any organization in SWBT because of the importance placed on our compliance with the Act. I was looking for people with appropriate background and experience as well as a demonstrated ability to get along with others and to get the job done. I brought in attorneys to work with the negotiators and to explain our obligations under the Act, with an emphasis on the requirement for "good faith" negotiations. Working with the staff of Southwestern Bell's Center for Learning, I arranged for a consultant to spend a week with my negotiators training us on how to listen and understand the needs of an LSP in order to avoid reaching impasse and how to work toward mutually acceptable positions. The time spent in training also allowed the negotiators to get to know one another as well as the attorneys with whom they would be working so we could have a common base of understanding against which to consider future real life questions regarding the provisions of the Act and good faith negotiations.
6. A team of account managers, known as the Competitive Provider Account Team (CPAT), was established and assigned responsibility for managing and servicing all activities pertaining to the new entrants into the local service market. Such entrants include AT&T, MCI, Sprint, MFS, Brooks Fiber, TCG and more than 100 others who have negotiated, or are in the process of negotiating, interconnection or resale agreements with SWBT. CPAT member responsibilities include providing a single point of contact for LSPs, negotiating with new LSPs, facilitating and conducting required meetings with SWBT subject matter experts, providing information to the LSPs, coming to terms on a negotiated agreement, and implementing the agreement.

7. At the start of 1996, I had three lead negotiators, three account managers, and several individuals from numerous departments (Network, Legal, Billing, 911, Exchange Carrier Relations, State Tariffs, etc.) who were assigned to assist with the negotiations. I had not expected to receive the volume of requests that materialized (136 to date), nor did I fully appreciate at the outset how complex and time-consuming the negotiations could become. In March 1996, one LSP advised that it had dedicated 40 employees to negotiate its agreement with SWBT and wanted us to be available for essentially full-time discussions for 135 days.
8. The CPAT team has been in existence approximately twenty-one months, and has grown to eighteen people. Of those eighteen, thirteen are account managers assigned to specific LSPs. Additional account managers, supervision, and support personnel are being added to support increased LSP activity, and will continue to be added as demand dictates.
9. At the start, my assumption was that LSPs seeking to negotiate interconnection agreements would not submit a formal request to negotiate until they had a business plan and knew where, how and when they wanted to enter the local exchange business. Some LSPs did have a "business plan" when they met with us. However, several LSPs used the negotiation process to gain information from SWBT in order to decide whether they wanted to operate in our five-state region.
10. Upon receipt of a written request to negotiate, SWBT provides a prompt response that assigns a lead negotiator to work with the LSP until an agreement is executed by both parties. An account manager is also appointed to act as the LSP's point of contact with SWBT throughout the negotiations and to serve as the LSP's advocate within SWBT as the agreement is implemented. The lead negotiator assembles subteams to address functional and operational issues such as network architecture, the exchange of billing records, directory listings and delivery, operator services, etc. Typically, meetings are initially scheduled with

the LSP at the first mutually acceptable date and the team stays assigned to the LSP until an agreement is reached.

11. For months, SWBT individuals responsible for negotiations held daily 8 a.m. conference calls in order to provide a timely status reports on issues raised during negotiations and to make sure they were being addressed. These daily calls served two purposes: (1) a means of keeping everyone participating in negotiations involved in the development of solutions to issues so that our responses to LSPs could be consistent, and (2) a forum for negotiators to reiterate the concerns raised by LSPs with the SWBT personnel supporting the negotiations. These conference calls are now held twice each week, with additional calls scheduled as needed.
12. Throughout the negotiation process, SWBT has kept an open mind and given serious consideration to changes in our positions or systems as requested by LSPs. On an as-needed basis, day-long meetings are arranged so that members of the negotiating teams, policy groups, and affected subject matter experts can review whether adjustments should be made to our negotiating positions. These sessions are another opportunity for negotiators to explain what LSPs would like to see changed and for subject matter experts to either come up with valid reasons why the request can or cannot be satisfied or to explore alternatives.
13. SWBT has responded promptly to widely divergent requests for interconnection. SWBT has shown flexibility regarding the official start of the statutory negotiations timeline offering to use the date of the request or the date of the first substantive negotiations meeting as "starting the clock." SWBT has agreed to consider using a number of contract formats requested by LSPs as the base document for negotiations. In many of the negotiations, SWBT has also provided the LSP with an electronic version of contracts to allow for automatic comparisons between versions to identify changes in contractual language. In addition, SWBT has

offered to undertake the administration of contract language to reduce the resources required of the LSP; or, if important to the LSP, SWBT has agreed to allow control and updating of the contract to be performed by the LSP.

14. To facilitate entry, SWBT developed an informational packet for LSPs outlining entry into the local exchange business. The packet provides such items as the address for the state regulatory agencies, a request form to obtain a Company Code Number from the National Exchange Carrier Association, tax exemption forms for Federal and State taxes, instructions for obtaining NXX assignments, information on Common Language Location Codes, material for Bellcore's Local Exchange Routing Guide, and contacts on how to obtain SWBT's filed tariffs. In addition, after negotiations begin, SWBT provides each LSP with a written handbook that has helpful information for interconnecting with SWBT (the switch-based providers' handbook) or acting as a reseller of SWBT services (the resellers' handbook). Both books address topics such as ordering, trouble reporting, certification requirements, usage sensitive local connections, SWBT contact information, etc. Once a contract is executed, SWBT hosts LSPs in a training workshop on how to do business with SWBT and the process for passing service orders. Training is also offered on the functionality of operating support systems that can be used to pass service orders electronically, report trouble and handle billing inquiries. A number of LSPs have described the training as beneficial.

15. SWBT has also shown flexibility on scheduling and arrangements for negotiation meetings. On several occasions fact finding meetings have been held with prospective LSPs before a written request to negotiate has been received. Although the vast majority of SWBT's negotiating personnel and subject matter experts are located in St. Louis, a large number of meetings have been held in the cities where the LSPs have a business location. To reduce the

travel expenditures on the part of both parties. SWBT has arranged for video conference calls or audio conference bridges (sometimes left open all day) for use in negotiations between the parties and allow LSP personnel to participate from several locations. When scheduling conflicts arise or when time constraints become critical, SWBT willingly participates in negotiation sessions in the evenings and over the weekend. Whenever requested to involve higher levels of management to discuss/resolve contentious issues or hold periodic status discussions at the leadership level, SWBT has made senior managers available for such discussions.

16. SWBT has also shown significant flexibility in agreeing to close deals that include language that postures the LSP to get into business today and possibly obtain a better deal tomorrow. SWBT has offered a number of "most favored nations" categories and has not required LSPs to opt into entire contracts in order to get rates, terms and conditions from other contracts. Due to the timing of expected arbitrated decisions on a number of issues, SWBT has agreed to adjustment language allowing LSPs to avail themselves of arbitrated decisions without being a direct participant in the arbitration. SWBT has willingly agreed to continue negotiations on issues being arbitrated and has been successful in bringing to closure some disputed issues, thereby saving arbitration resources. Five state arbitration requests have been withdrawn before hearings have started as both parties were able to reach a mutually acceptable agreement through continued negotiations, including the arbitration requests of Sprint and Western Oklahoma Long Distance in Oklahoma.
17. Once an agreement is reached, implementation of the agreement is a complex process, requiring a tightly coordinated scheduling process which must be closely managed. In addition to negotiations, the account manager has responsibility for contract execution, including implementation planning with the LSP, negotiating schedules and activities, and carrying out

the agreed-to plan. The account manager itemizes all obligations under a given agreement, records the status of that activity, lists any due dates and identifies SWBT personnel responsible for various tasks. A matrix is completed for each interconnection agreement, where due to the complexity of some agreements, can sometimes contain hundreds to thousands of action items.

18. The account manager obtains all required information from the LSP including billing names and addresses, Operating Company Number (OCN), order processing contact names and numbers, trunk routing and translation information, maintenance contacts, network control center contacts, SS7 switch point code and CLLI code information, existing and ordered facility identification information, and other optional information such as directory delivery information, and operator service provider network codes. The account manager ensures that such information is properly disseminated within SWBT, and that all required internal system/network activities are completed.

19. In the course of negotiations, LSPs have sought and SWBT has been willing to consider and/or agree to provisions that arguably go beyond our obligation to negotiate under the Act.

Some examples follow:

- --When asked by an LSP to include a liquidated damages provision in the agreement, SWBT considered the LSP's concerns that such a provision would make sure that SWBT stressed to line employees the importance of meeting contractual commitments and agreed to the requested provisions.
- --When asked by an LSP to lease facilities to the LSP so that it could avoid the expense it otherwise would have incurred to purchase facilities to commence service, SWBT agreed to the leasing arrangement.

- --When asked by LSPs to transit their traffic through the SWBT tandem to facilitate their exchange of traffic with other local exchange companies, SWBT agreed to do so.
- --When asked by an LSP to transfer an entire NXX code to the LSP who obtains a customer from SWBT to whom that code had been reserved, SWBT agreed to do so.
- --Although it is not a telecommunications service under the Act, SWBT developed an inside wire maintenance offering and made it available to LSPs. As part of that offering, LSPs can use SWBT employees to offer LSP customers inside wire and telephone jack installation and maintenance expertise.
- --When asked by LSPs to develop electronic interface capabilities in advance of industry standards even being established, SWBT agreed to develop such capabilities and believes that it is well ahead of other companies in its developmental efforts. SWBT has spent weeks in discussions with one or more LSPs to understand their requirements for electronic interfaces and strongly believes that this cooperative approach to the development of operational requirements is the better approach. For additional information, refer to the affidavit of Ms. Elizabeth Ham.

20. The above is not to say that SWBT has been willing to concede all demands from LSPs. As everyone knows, there has been great uncertainty and debate as to the meaning of particular terms contained in the Act and participants to negotiations have simultaneously been adversaries in various regulatory proceedings. At times negotiations with individual LSPs have been concurrent with arbitrations with those same LSPs. When contract issues have

been decided through arbitration. SWBT has attempted to work with the arbitrating LSPs to develop contract language incorporating the results of arbitrated decisions expeditiously.

21. Since passage of the Act, employees involved directly in negotiations and in positions supporting those negotiations have worked tirelessly to respond to LSPs. In my 24 years with Southwestern Bell, I have never witnessed such a sustained effort and such dedication to a task. When a member of a negotiating team is not satisfied with the reasonableness of the SWBT position, that individual typically insists that we re-examine our position and satisfy ourselves that we are living up to our obligation to negotiate in good faith.

AGREEMENTS REACHED THROUGH NEGOTIATIONS (AS OF 4/4/97)

22. SWBT has responded to requests for negotiations from 136 companies wishing to become local service providers. The negotiations have the potential to produce 277 state interconnection/resale agreements in SWBT's five state service area including 44 agreements in Oklahoma, 102 agreements in Texas, 49 agreements in Missouri, 45 agreements in Kansas, and 37 agreements in Arkansas. To date, SWBT has reached agreement with 50 companies resulting in 89 mutually acceptable signed state agreements as a result of negotiations and/or arbitration. SWBT is continuing to negotiate with the other companies by addressing the specific needs of the requesting LSP, and expects the negotiations to culminate in approved agreements for the specific state requested by the LSP within the allowed timeframe outlined in the Act.
23. Since the Act went into effect on February 8, 1996, SWBT account managers have kept a tally of the negotiation and subcommittee meetings that have been held with LSPs. To date there have been 493 negotiations and 557 subcommittee meetings held to further negotiations.

24. SWBT has entered sixteen agreements with LSPs in Oklahoma, of which five are interconnection agreements and eleven are purely resale agreements. All of these signed interconnection agreements have been filed with the Oklahoma Corporation Commission (OCC) and four of the filed agreements have been approved as being in the public's best interest and in compliance with the Act. The approved interconnection agreements are with Sprint, ICG, Brooks Fiber Communications and US Long Distance (USLD). SWBT and Brooks have agreed to interconnect SWBT's tandems to Brook's switches in Tulsa and Oklahoma City utilizing physical collocation, although other alternatives were made available, including virtual collocation, SONET based interconnection, mid-span fiber meet and leased facilities interconnection. Similarly, SWBT and USLD agreed to interconnect SWBT's tandem to USLD's switch in Oklahoma City. The filed interconnection agreement awaiting approval by the Oklahoma Corporation Commission is with Intermedia Communications. Of the eleven resale agreements in Oklahoma, two are approved by the OCC; seven are awaiting approval by the commission and two have been signed by both parties and the LSPs will determine when to file. The approved resale agreements are with Dobson Wireless and Western Oklahoma Long Distance while the agreements pending approval are with Fast Connections, Reconex, CapRock Communications, Preferred Carrier Systems, Chickasaw Telecom, US Telco, and Oklahoma Comm South. A resale agreement with TIE Communications has been reached but has not been filed with the commission at the LSP's request. On April 3, 1997, the OCC issued an order granting Capital Telecommunication's request to withdraw their application to approve resale agreement with Southwestern Bell.

25. Sprint and SWBT entered a comprehensive interconnection agreement for Sprint's operations in Oklahoma on February 10, 1997. Local traffic will be exchanged at a mutual

and reciprocal rate for tandem served versus end office served interconnection. Sprint can choose from among various interconnection options, including physical collocation. Sprint can resell SWBT's Telecommunications Services at a wholesale discount of 19.8%, which the Oklahoma Corporation Commission (OCC) determined through arbitration to be the appropriate measure of SWBT's "avoided costs" of resale. In addition, Sprint can obtain SWBT's rebundled network elements (including unbundled loops, network interface devices, switching, transport, access to databases, and operational support systems) at cost-based rates. The SWBT/Sprint agreement is pending approval by the OCC.

26. While SWBT and the local service providers negotiating agreements have been able to reach mutually acceptable language and prices in the vast majority of the contracts, there have been some issues that could not be settled and resulted in resolution through arbitration as provided for in the Act.
27. Though not immediately pertinent to this application, SWBT has signed a total of 89 agreements with LSPs outside of Oklahoma (36 in Texas, 12 in Missouri, 12 in Kansas, and 13 in Arkansas). These agreements, with such companies as AT&T, MFS, Sprint, TCG, Brooks Fiber, ACSI and dozens of other companies are detailed on the attached state by state schedule of signed contracts.
28. SWBT and AT&T are currently negotiating an interconnection agreement incorporating the compulsory arbitration award in OCC cause number 960000218. The Parties continue to discuss issues that were neither resolved through arbitration nor agreed to through negotiation. MCI requested negotiations for all five SWBT states, but filed for arbitration in Texas and Missouri only.
29. On a going forward basis, the negotiation process should become more streamlined for several reasons. First, over the course of the last year, all parties have gained a greater

understanding of what is expected under the Act. Second, any new entrant knows that it can step into another approved agreement or avail itself of SWBT's Statement of Generally Available Terms and Conditions if it wants to do so. In other words, tomorrow's LSPs will be able to take advantage of the work done and knowledge gained today by SWBT and existing LSPs. SWBT will continue to negotiate agreements as required by the Act for Oklahoma and the other states where it operates.